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U.S. Decides to End Series of Expulsions, Stresses 'Larger Issues'

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The United States called a halt yesterday to the tit-for-tat war of diplomatic expulsions with the Soviet Union as the administration took stock of the damage done to U.S. diplomatic and intelligence operations in Moscow by the latest Soviet measures.

State Department spokesman Charles E. Redman said the United States, in response to Soviet restrictions imposed Wednesday on the U.S. Embassy in Moscow, will apply "equal and reciprocal restrictions" against the Soviet Embassy here.

Nevertheless, he announced no new ouster of Soviet diplomats. And U.S. officials made it clear that they hoped the series of diplomatic expulsions by both sides would end.

"There seems to be common ground in the mutual acknowledgment of parity and reciprocity as the foundation of our diplomatic relationship," Redman said. "We need now to get on with resolution of the larger issues affecting U.S.-Soviet relations and build on the progress made in the discussions at Reykjavik."

President Reagan, campaigning for Republican Senate candidates in the Midwest, also was upbeat yesterday in saying that all of the arms-reduction proposals made by the United States during the Iceland summit remain on the bargaining table. In responding to a speech Wednesday by Soviet leader Mikhail Gorbachev, Reagan urged the Soviets to press ahead on intermediate-range missile negotiations.

The Soviet Union, retaliating for the U.S. expulsion Tuesday of 55 Soviet diplomats, on Wednesday expelled five more American diplomats and barred 260 local Soviet employes from working for the U.S. Embassy—a move administration officials yesterday said had dealt a "paralyzing" blow to its operations. (Americans said the embassy probably had fewer than 200 Soviet employes.) The Soviets also placed a limit on embassy guests and Americans traveling to Moscow on temporary assignment each year, and barred the hiring of third-country nationals.

"This was a very shrewd retaliation," said one U.S. official. "It's wiped out our operational infrastructure there."

Several officials said the Soviet action would require a redesign of the U.S. Embassy in Moscow to get rid of all nonessential personnel, resulting probably in a residual corps of professionals.

Redman said the Soviet action "without question" will impair the U.S. ability to monitor events in the Soviet Union, but he insisted that "this is something we foresaw as we went into this."

One administration source said the Soviet measures will also seriously affect the U.S. ability to carry out intelligence activities within the Soviet Union. But another source said the information allegedly provided in 1985 to the Soviets by CIA defector Edward L. Howard had already crippled CIA operations in Moscow.

It was because CIA operations were so badly hurt, this source added, that Central Intelligence Agency Director William J. Casey supported the White House decision to expel 55 Soviet diplomats, reducing the number of Soviets at their embassy here and consulate in San Francisco to 251, the same number of U.S. diplomats working currently in Moscow and Leningrad.

That move, along with earlier expulsions of Soviet diplomats at the United Nations, was hailed by several senior administration officials on Wednesday as "a decapitation of the Soviet intelligence network in the United States," as one put it.

Yesterday, however, other administration officials indicated that they felt the Soviets had more than gotten even.

With Soviet employes barred from working at the U.S. Embassy and consulate, Washington may be forced to send 80 or more support workers as replacements, effectively reducing the number of full-time U.S. diplomats serving in the Soviet Union to fewer than 170 because of the new overall ceiling of 251, according to a senior State Department official.

While the Soviets are working in the United States under the same restrictions, they only employ 10 Americans at their embassy here. Redman said he did not know whether the U.S. government could force them to quit. In addition, the new ceiling does not apply to the 300 Soviets working at the U.N. Secretariat and other agencies in New York, nor to the 218 Soviets working at the Soviet mission to the United Nations.

Approximately 25 percent of the Soviets employed by the Secretariat are intelligence officers, according to a recent report on espionage published by the Senate Select Committee on Intelligence.

State Department officials yesterday made clear in private conversations with reporters that they were bitterly disappointed by the White House decision to expel the 55 Soviet diplomats. Those officials thought that the move was provocative and poorly timed, since it followed the Iceland summit and renewed optimism about the prospects of a U.S.-Soviet arms accord.

Several officials said they thought that the department had lost what one called "a biggie" in the interagency discussion over how to respond to the Soviet expulsion of five U.S. diplomats on Sundav.

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At a White House meeting with Reagan Monday, Attorney General Edwin Meese III, CIA Director Casey and national security affairs adviser John M. Poindexter argued strongly for carrying out a U.S. warning conveyed earlier to the Soviets, according to administration sources. The warning was that Washington would force the parity issue by expelling more Soviets if Moscow retaliated for the earlier U.S. expulsion of 25 diplomats working at the Soviet U.N. mission.

Some State Department officials were unhappy with what they thought was Secretary of State George P. Shultz's failure to fight the decision harder, even though he knew there was virtually unanimous opposition to it from the department's lower ranks.

Some State Department officials said that Jack F. Matlock Jr., the chief Soviet specialist on the White House National Security Council, had been the driving force behind the hard-line administration attitude toward the Soviets since the Soviet arrest Aug. 30 of American reporter Nicholas Daniloff.

One administration official said Matlock had initially proposed that the United States expel five to eight Soviet U.N. diplomats for every day Moscow continued to hold Daniloff. He also strongly favored forcing the issue of parity between Soviet and American diplomats, the source said.

Congress was already pressing the administration to take action to curb Soviet espionage in the United States and demanding that the number of Soviets be reduced to that of the U.S. diplomats in the Soviet Union. But Congress had urged using the ceiling of 320 persons established in a 1980 U.S.-Soviet agreement and in force until the United States unilaterally lowered the number to 251 this week.

The State Department, which has 251 diplomats stationed in Moscow and Leningrad, had a plan under way to increase the number by 80 to replace some local Soviet employes and arrive at the 320 figure over 18 months to two years.

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